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.SOMETHING IS HAPPENING AT REVELSTOKE.....SOMETHING IS HAPPENING AT REVELSTOKE

ANNUAL REPORT

REVELSTOKE BUILDING MATERIALS LIMITED 1971

Corporate Profile

Revelstoke owns and operates 101 retail outlets throughout Western Canada. Each of these stores is combined with a lumber yard and offers our customers a complete range of building materials, home improvement and home repair products. Although most of this business is with individual customers, the Company also supplies contractors and home builders.

In addition Revelstoke produces concrete at 18 plants in Alberta, Saskatchewan and British Columbia and manufactures lumber at four mills in Alberta and one mill in British Columbia. The Concrete Division supplies the housing, agricultural, commercial and institutional markets. The Lumber Division supplies the Company's Retail Division, the Canadian construction market and is a major exporter to the United States.

Revelstoke's management is seeking to increase the profitability of the Company on a consistent basis through planned expansion and professionalized management. It is hoped that these efforts will benefit our customers, our suppliers, our employees and our shareholders.

In view of the fact that Revelstoke is experiencing considerable management changes and a reassessment of corporate strategy, this year's Annual Report is entitled "Something is Happening at Revelstoke."

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It is a pleasure to enclose
our Annual Report

STEELE CURRY
PRESIDENT

REVELSTOKE BUILDING MATERIALS LTD.
508 - 24th AVENUE S.W.
CALGARY, CANADA

No acknowledgment necessary

Highlights

REVELSTOKE BUILDING MATERIALS LIMITED AND SUBSIDIARIES

Year Ended December 31.

	1971	1970
Sales	\$31,866,424	\$29,338,601
Pre-tax Earnings (Loss) from		
- Operations	\$ 1,203,425	(\$ 4,916)
- Fixed Asset Disposals and Extraordinary Items	\$ 216,520	\$ 1,997,641
Income Tax	\$ 652,494	\$ 122,019
Net Earnings For Shareholders	\$ 763,903	\$ 1,862,951
Earnings Per Common Share	\$ 1.06	\$ 2.89
Dividends Paid On Common Shares	\$ 124,680	\$ 242,341
Dividends Per Common Share21c	40.4c

Where We Are

BRITISH COLUMBIA

- Dawson Creek*
- Fort St. John*
- Radium
- * Revelstoke-Lafarge Ltd.

ALBERTA

- Acme
- Airdrie
- Alix
- Athabasca
- Bentley
- Brooks
- Calgary
- Carstairs
- Castor
- Coronation
- Crossfield
- Daysland
- Didsbury
- Drumheller
- Eckville
- Edmonton
- Grande Prairie
- Hanna
- High River
- Holden

- Innisfail
- Lacombe
- Lac La Biche
- Legal
- Lethbridge
- Loughheed
- Medicine Hat
- Nanton
- Okotoks
- Olds
- Peace River
- Picture Butte
- Ponoka
- Red Deer
- Rocky Mtn. House
- Sentinel
- Sundre
- Sylvan Lake
- Taber
- Two Hills
- Vauxhall
- Vegreville
- Vermilion
- Viking
- Vulcan
- Wainwright
- Wetaskiwin
- Whitecourt

SASKATCHEWAN

- Allan
- Arborfield
- Battleford
- Birch Hills
- Cabri
- Canora
- Central Butte
- Cudworth
- Davidson
- Eatonia
- Elrose
- Fox Valley
- Gravelbourg
- Gull Lake
- Humboldt
- Leader
- Lumsden
- Luseland
- Maidstone
- Meadow Lake
- Melfort
- Perdue
- Ponteix
- Prelate
- Prince Albert
- Preeceville

- Regina
- Rosetown
- Rosthern
- Saskatoon
- Swift Current
- Tisdale
- Unity
- Watrous
- Yorkton

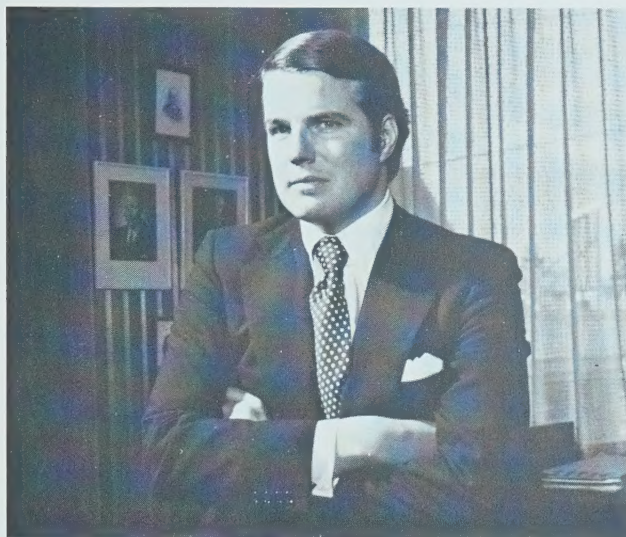
MANITOBA

- Baldur
- Boissevain
- Brandon
- Cypress River
- Dauphin
- Flin Flon
- Hamiota
- Holland
- Morden
- Portage la Prairie
- Roland
- Swan River
- The Pas
- Thompson
- Virden
- Wawanesa

LEGEND ● Retail Store and Yard ● Transit Mix ● Planing Mill ● Dry Kiln ○ Sawmill ● Head Office



To Our Shareholders



Review of 1971

In 1971 Revelstoke experienced a considerable recovery in profitability in comparison with 1970. Sales totalled \$31,866,000 in 1971 compared to \$29,339,000 in 1970. Operating income after income taxes amounted to \$547,000 or \$.91 per share in 1971 compared to a loss of \$135,000 or \$.23 per share in 1970. Gains on the disposal of fixed assets totalled \$217,000 in 1971 compared to \$208,000 in 1970. Net income before preferred dividends for 1971 amounted to \$764,000 or \$1.27 per share as compared to \$1,863,000 or \$3.11 per share in 1970 which included the extraordinary gain arising from the sale of a subsidiary, Kamloops Lumber Company Ltd.

Common share dividends in 1971 amounted to \$124,680 or \$.21 per share and were paid in the form of stock dividends in preference shares which were redeemed immediately after issue.

What We Do

Revelstoke's operations are concentrated in the shelter business and are divided into four divisions, all of which are closely related to one another. In 1971 approximately 62% of the Company's sales were derived from over 101 Retail outlets throughout Western Canada. The Concrete Division through 19 plants generated 21% of Revelstoke's sales with the balance contributed by the Lumber Division. For the second successive year the Company's earnings were adversely affected by losses in the Lumber Division although the 1971 loss was substantially less than that incurred in 1970. Revelstoke's lumber manufacturing operations are conducted at four mills

in Alberta and one at Radium, British Columbia. In 1971 the Company also initiated a home sales and building program which accounted for 70 houses during the year.

The Retail Division

Revelstoke's Retail Division represents the largest and most important component of the Company's operations. Forty-eight of Revelstoke's outlets are in Alberta, 35 in Saskatchewan, 16 in Manitoba and 2 in British Columbia.

The retail activities are concentrated in the 'do-it-yourself' home improvement, home repair and home builder markets with a limited amount of our sales made to contractors. To an increasing extent we are relating our retail business to the leisure market in terms of what the customer wants to do in his non-working hours. At the same time we are designing our stores to appeal as much as possible to the entire family.

The total Canadian retail market for home repair and homebuilding products is estimated to be in the neighborhood of \$2.3 billion. At the present time, the entire industry is undergoing important changes in terms of rationalization, larger store sizes and more modern merchandising techniques. In the future the market for this industry's products is going to experience substantial growth. The prime factors responsible for this growth are the increasing amount of leisure time, the scarcity of tradesmen combined with the rising cost of their services and the opening up of new markets as potential customers become more aware of the wide range of 'do-it-yourself' home products which are available.

Your Company represents the second largest retail lumber and building material chain in Canada. It is your management's intention to have Revelstoke emerge as one of the leaders of this industry as it experiences substantial change and growth. In this regard the Company is broadening its product mix and adopting more sophisticated marketing and merchandising methods covering such areas as advertising, promotion and merchandise presentation.

The Concrete Division

This Division now operates 18 transit-mix and pre-mix concrete plants, having sold the plant at Dauphin, Manitoba in April of this year. Twelve of the plants are located in Alberta, four are in Saskatchewan and two are in British Columbia.

The largest plants are in Calgary, Edmonton, Lethbridge, Red Deer and Saskatoon. The Edmonton plant commenced operations in late 1971 and its performance to date is satisfactory. The Company is continuing to upgrade its concrete plant and delivery equipment in Alberta as the construction outlook for this province is encouraging. This is in contrast to Saskatchewan where construction activity remains sluggish.

The Lumber Division

Revelstoke's five mills have a combined timber quota of approximately 125 million board feet. For the last three years the Company has been upgrading its Alberta mill facilities while at the same time undertaking a major expansion of the mill at Radium, British Columbia. The disruption caused by these factors together with severely depressed lumber prices which existed from 1969 through to early 1971 resulted in the Lumber Division producing only a modest profit in 1969 and a major loss in 1970. During 1971 the new mill at Radium incurred start-up costs which together with production problems at some of the Alberta mills again resulted in a loss for this Division.

By April of the current year the Radium mill was operating at close to its expected efficiency and the performance of the Company's second largest mill, located at Sentinel, had improved considerably despite the severe weather conditions encountered in January and February.

In recognition of Revelstoke's responsibilities for reforestation the Company appointed a Silviculture Forester and initiated a comprehensive regeneration survey of our timber permits and licences. Given the results of this survey it is expected that the Company will be in a better position to carry out a productive reforestation program.

The outlook for the Lumber Division is clouded by the labour negotiations confronting the B.C. lumber industry. The Company also experienced a set-back at Rocky Mountain House where our sawmill was destroyed by fire during the last week in April of this year. The loss was fully covered by insurance and by using portable mill equipment production will be continued during the six month period required to rebuild the sawmill.

The Revy Home Division

Based on the results of the Company in selling

homes in 1971, management decided to form a separate division to be responsible for the sale and building of homes and prebuilt farm structures. Most of the marketing efforts of this Division will be concentrated in the rural markets of Western Canada in conjunction with our network of retail outlets.

The majority of the homes built by this Division are presold and for the foreseeable future Revelstoke does not intend to engage in large scale land development. Every house that Revelstoke sells is an ideal candidate for many of the products carried in our branches. In general the Revy Home Division epitomizes the Company's objective of maximizing the value added to the various types of products and services that we market.

Management

The theme of this year's Annual Report, "Something is Happening at Revelstoke," is especially significant in the area of the Company's management. Last December 30, Mr. B. F. Sine resigned as President and was appointed Chairman of the Board of Directors. Mr. Sine devoted his entire business career to Revelstoke and under his guidance the Company developed into a sound and broadly based organization with integrated operations throughout Western Canada. The personal qualities and leadership exhibited by Mr. Sine in directing the Company's affairs will long be remembered by everyone associated with Revelstoke.

Also at the end of last February, Mr. C. E. Sine and Mr. J. P. Glaum retired as Vice-Presidents of the Company. Both of these men devoted their entire business careers to Revelstoke and each made a major contribution in directing the operations and growth of the Company.

In recognition of the contribution of B. F. Sine, C. E. Sine and J. P. Glaum the Directors of the Company unanimously approved the establishment of a scholarship fund which will provide three \$500 scholarships to be awarded annually to children of Company employees.

Upon Mr. Sine's appointment as Chairman, I joined the Company as President. At the same time, Mr. G. A. Berkholtz joined the Company as Vice-President - Operations.

For the last four months your Company has been undergoing an internal reorganization to establish meaningful profit centres and to pro-

vide the necessary staff support for all areas of management.

In the Retail Division Mr. H. E. Dunn joined the Company as Vice-President - Merchandising following 25 years of extensive merchandising experience in the retail field. Mr. V. R. Roskey was appointed Manager - Store Operations and Development, Mr. L. E. Dobson was appointed Manager - Purchasing and Mr. C. C. Fenske was appointed Manager of the Company's largest retail store and yard which is located in Calgary.

Mr. A. J. Arens was appointed Manager - Concrete Division and Mr. T. W. Hanson was appointed Manager - Revy Home Division. Mr. F. R. Fortin was appointed Vice-President and General Manager of Revelstoke Sawmill (Radium) Ltd.

Mr. D. A. Clark joined the Company as Controller, Mr. H.W. Millard was appointed Manager - Credit and Internal Audit and Mr. B. A. Harris was appointed Manager - General Office and Accounting.

These management appointments were made in recognition of Revelstoke's corporate objectives which are outlined on the inside of the back cover of this Annual Report. Wherever possible we have attempted to assess the changes which are taking place in our business environment and to restructure the Company to deal with these changes effectively. It is management's objective to develop a company distinguished by its entrepreneurship, leadership and high standards in all areas of corporate activity. At the same time management recognizes that the ultimate test of its ability is to achieve a rising level of profitability and earnings per share.

The Revelstoke Family

The single most important feature of Revelstoke is our personnel and their relationship to the Company. In this age of corporate anonymity we will continue to stress a highly personalized form of management where the contribution of individuals is fully appreciated. In this regard management would like to extend its appreciation for the efforts of all our personnel on behalf of the Company during 1971.

Directors

At a Board Meeting on December 30, 1971, Mr. K. H. Gibson, Mr. J. P. Glaum and Mr. C. E. Sine resigned as Directors of the Company and Mr. G. A. Berkholt, Mr. P. J. M. Bloemen, Mr. J. E. Sands, Mr. A. J. Vincent and myself were ap-

pointed as new Directors. Effective January 19, 1972, Mr. J. E. Maybin resigned as a Director and on April 6, 1972, Mr. J. L. Schlosser was appointed as a Director. Mr. J. H. Kelly, Q.C., will not be standing for re-election as a Director at the forthcoming Shareholders Meeting. Mr. D. E. Mitchell, President of Great Plains Development Company of Canada Ltd. will be nominated for election as a Director at this Shareholders Meeting.

The contributions and presence of the resigning Directors will be missed at the Company's Board Meetings. As one of the original Directors of Revelstoke Building Materials Limited, Mr. Kelly's guidance and continuous interest in the affairs of the Company was especially appreciated.

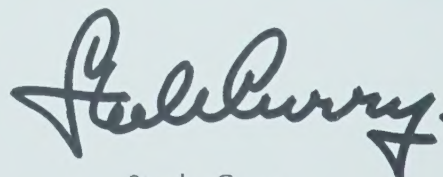
Change of Corporate Name

At the forthcoming Shareholders Meeting the shareholders will be asked to approve a change in the name of Revelstoke Building Materials Limited to Revelstoke Companies Ltd. Management believes that the proposed new name will retain the Company's valued identity and at the same time allow broader and more simplified application of the name. As your Company is heavily involved in the retail industry and markets a number of products in addition to building materials, it is management's recommendation that the new corporate name be adopted.

The Future

It is anticipated that the Company will experience a generally favourable year in 1972. Record export grain sales, recent developments in the oil industry and a continued high level of housing starts should contribute to greater business activity for all of Revelstoke's divisions.

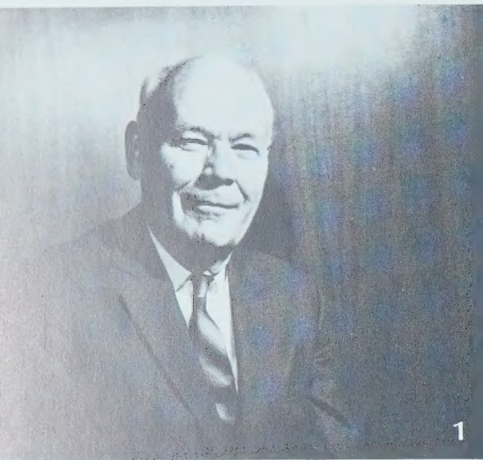
In closing I would like to offer the Company's appreciation to our customers, our suppliers and our friends for their support and confidence during the past year.



Steele Curry
President

May 11, 1972

Our People



- (1) Brett F. Sine, Chairman of the Board.
- (2) W. I. Walter, M. G. Lopachuk and John Hall of the Lumber Trading Department.
- (3) Executive Session: Gerald A. Berkhold, Harold E. Dunn, Steele Curry.
- (4) J. W. Wardrope, G.C. Peter, A. C. Reynolds, D. S. Allan, F. R. Fortin and A. Dyck at Mill Managers' Meeting, Radium.
- (5) Otto A. Frey, Hugh J. O'Neil, O. E. Babiu, Victor R. Roskey, David A. Dupont, Henry V. Millard.
- (6) J. Martin, R. J. Goudal, T. W. Hanson, C. Paulsen and J. I. Metcalfe of the Revy Home Division.
- (7) Gerald A. Berkhold, Vice-President.
- (8) Harold E. Dunn, Vice-President.
- (9) Manitoba District Managers' Meeting, 1972.
- (10) K. A. C. McDowell, Vice-President with Brian A. Harris, James P. Franssen.
- (11) V. R. Roskey, Miss K. Kinney, K. M. Morris and G. P. Lyseng discuss ad layouts.
- (12) O. Sadownick, H. M. Sells, G. W. Millard, J. Arens, R. A. Kramer and A. E. Einerson of the Concrete Division.
- (13) V. C. Gregory, A. Kieboom, R. S. McCullough and L. E. Dobson of the Purchasing Department.
- (14) E. J. Dupont, R. A. Kramer, E. K. Schafer,





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Consolidated Balance Sheet-December 31, 1971 REVELSTOKE

ASSETS

	<u>1971</u>	<u>1970</u>
Current assets:		
Cash	\$ 535,288	\$ 600,844
Accounts receivable	4,251,749	4,307,702
Inventories, valued at the lower of cost or net realizable value	10,182,213	9,084,455
Income taxes receivable	—	170,104
	<hr/> 14,969,250	<hr/> 14,163,105
Timber berth deposits	172,362	179,181
Property, plant and equipment, at cost (Note 2)	19,698,818	16,897,118
Less: Accumulated depreciation and depletion	10,369,443	8,993,433
	<hr/> 9,329,375	<hr/> 7,903,685
Deferred charges	47,047	63,097
	<hr/>	<hr/>
	<hr/> \$24,518,034	<hr/> \$22,309,068
	<hr/> <hr/>	<hr/> <hr/>

APPROVED ON BEHALF OF THE BOARD:

[Signature] Director

Nail B. Wray Director

LIABILITIES

	<u>1971</u>	<u>1970</u>
Current liabilities:		
Bank indebtedness	\$ 4,607,783	\$ 3,024,540
Demand loans	73,762	153,081
Accounts payable and accrued liabilities	2,882,991	2,603,334
Income taxes payable	398,391	—
Funded debt due within one year (Note 3)	—	143,500
	<hr/> 7,962,927	<hr/> 5,924,455
Funded debt (Note 3)	2,274,500	2,600,000
Minority interest	17,225	13,677
Shareholders' equity (Note 4):		
Capital stock —		
Authorized —		
300,000 preference shares of a par value of \$20 each		
1,000,000 common shares of no par value		
Issued —		
107,249 preference shares 1961 series (1970 — 108,114)	2,144,980	2,162,280
600,005 common shares	2,784,005	2,784,005
Retained earnings	9,334,397	8,824,651
	<hr/> 14,263,382	<hr/> 13,770,936
	<hr/> \$24,518,034	<hr/> \$22,309,068
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Income

REVELSTOKE BUILDING MATERIALS LIMITED AND SUBSIDIARIES

For the Year Ended December 31

	<u>1971</u>	<u>1970</u>
Sales	\$31,866,424	\$29,338,601
Cost of sales, selling, general and administrative expenses	28,696,348	27,658,349
	<u>3,170,076</u>	<u>1,680,252</u>
Depreciation and depletion	1,526,686	1,104,191
Interest (long-term: 1971 — \$138,746; 1970 — \$162,265)	439,965	580,977
	<u>1,966,651</u>	<u>1,685,168</u>
Provision for income taxes	1,203,425	(4,916)
	<u>652,494</u>	<u>122,019</u>
Operating income (loss) before minority interest	550,931	(126,935)
Minority interest	3,548	7,755
Operating income (loss) for the year	<u>547,383</u>	<u>(134,690)</u>
Gain on disposal of fixed assets	216,520	208,424
Income before extraordinary items	<u>763,903</u>	<u>73,734</u>
Gain on sale of investment (less minority interest of \$109,904)	—	227,789
Gain on sale of subsidiary	—	1,561,428
	<u>—</u>	<u>1,789,217</u>
Net income for the year	<u>\$ 763,903</u>	<u>\$ 1,862,951</u>
Earnings per common share:		
Operating income (loss) for the year	\$0.70	\$(0.44)
Gain on disposal of fixed assets	0.36	0.35
Extraordinary items	—	2.98
Net income for the year	<u>\$1.06</u>	<u>\$ 2.89</u>

Consolidated Statement of Retained Earnings

For the Year Ended December 31

	<u>1971</u>	<u>1970</u>
Balance at beginning of year	\$ 8,824,651	\$ 7,335,413
Add: Net income for the year	763,903	1,862,951
	<u>9,588,554</u>	<u>9,198,364</u>
Less:		
Dividends on preference shares	129,477	131,372
Dividends on common shares	—	180,001
Stock dividend on common shares	124,680	62,340
	<u>254,157</u>	<u>373,713</u>
Balance at end of year	<u>\$ 9,334,397</u>	<u>\$ 8,824,651</u>

Consolidated Statement of Source and Application of Working Capital

REVELSTOKE BUILDING MATERIALS LIMITED AND SUBSIDIARIES

For the Year Ended December 31

	<u>1971</u>	<u>1970</u>
Source of working capital:		
Operations —		
Operating income (loss) for the year	\$ 547,383	\$ (134,690)
Non-cash charges (credits) —		
Depreciation and depletion	1,526,686	1,104,191
Other	(23,577)	(27,182)
	<hr/> 2,050,492	<hr/> 942,319
Sale of investments	—	792,849
Sale of shares of subsidiary company (less \$1,324,400 being the cost of minority interest acquired prior to sale)	—	1,525,600
Miscellaneous	6,448	—
	<hr/> 2,056,940	<hr/> 3,260,768
Application of working capital:		
Fixed assets (less proceeds of disposals 1971 — \$367,740; 1970 — \$335,793)	2,738,709	1,625,799
Dividends and redemption of shares issued for stock dividend	254,157	373,713
Funded debt	283,821	167,378
Preference shares acquired for cancellation	12,580	27,351
Acquisition of subsidiary companies (including working capital deficiency at date of acquisition)	—	274,353
Working capital of subsidiary at date of sale	—	534,120
Other	—	14,813
	<hr/> 3,289,267	<hr/> 3,017,527
Increase (decrease) in working capital	(1,232,327)	243,241
Working capital at beginning of year	8,238,650	7,995,409
Working capital at end of year	<hr/> \$ 7,006,323	<hr/> \$ 8,238,650

Notes to Consolidated Financial Statements

REVELSTOKE BUILDING MATERIALS LIMITED AND SUBSIDIARIES

December 31, 1971

1. Basis of consolidation:

The consolidated financial statements include the accounts of Revelstoke Building Materials Limited and all of its subsidiaries.

2. Fixed assets:

	1971		1970	
	Cost	Accumulated depreciation or depletion	Cost	Accumulated depreciation or depletion
Land	\$ 697,384	\$ —	\$ 698,445	\$ —
Sand and gravel rights and properties	432,070	82,040	432,070	75,867
Logging access roads	948,208	492,268	693,863	307,000
Buildings	5,875,366	2,561,140	5,013,930	2,334,988
Machinery and equipment ..	9,489,935	6,564,367	7,827,454	5,724,759
Timber rights and leases	2,255,855	669,628	2,231,356	550,819
	<u>\$19,698,818</u>	<u>\$10,369,443</u>	<u>\$16,897,118</u>	<u>\$ 8,993,433</u>

Depreciation of property, plant and equipment is provided on the diminishing balance basis at maximum rates allowable for income tax purposes and depletion of timber rights and leases is provided on a straight-line basis.

3. Funded debt:

	1971	1970
20 year sinking fund debentures 6½% series, due 1981	\$ 2,274,500	\$ 2,743,500
Less: Balance of annual sinking fund requirements of \$200,000 included in current liabilities	—	143,500
	<u>\$ 2,274,500</u>	<u>\$ 2,600,000</u>

During 1971 the Company redeemed \$125,500 of debentures in excess of the sinking fund requirements for 1972 and therefore no current debenture liability exists.

4. Shareholders' equity:

The 300,000 authorized preference shares of a par value of \$20 each are issuable in series, of which 125,000 have been designated as 6% cumulative redeemable preference shares 1961 series and are redeemable at \$20.75 to December 1, 1973 and 9,351 have been designated as 1% non-cumulative redeemable preference shares 1970 series.

The Company declared stock dividends of 6,234 fully paid, non-assessable preference shares 1970 series (3,117 shares — 1970) and subsequently redeemed these shares at par for \$124,680 (\$62,340 — 1970).

The Company purchased and cancelled 865 preference shares 1961 series during the year; prior to 1971 16,886 of such shares had been purchased and cancelled

Pursuant to the Alberta Companies Act the Company appropriated, as a capital redemption reserve fund, retained earnings for an amount equivalent to the par value of preference shares redeemed or purchased and cancelled as set out below:

<u>Shares</u>	<u>Amount</u>
1961 Series — 17,751	\$355,020
1970 Series — 9,351	187,020
	<u>\$542,040</u>

5. Remuneration:

Directors' fees and senior officers' remuneration amounted to \$152,380 (1970 — \$155,900).

Auditors' Report to the Shareholders

Calgary, Alberta
March 6, 1972

To the Shareholders of
Revelstoke Building Materials Limited:

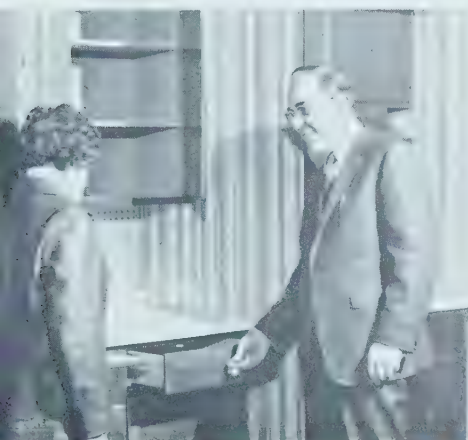
We have examined the consolidated balance sheet of Revelstoke Building Materials Limited and subsidiaries as at December 31, 1971 and the consolidated statements of income, retained earnings and source and application of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co

Price, Waterhouse & Co.
Chartered Accountants

What We Do



- (1) A. A. Wagner and A. Kieboom assist a customer in choosing broadloom.
- (2) E. J. Brilz, D. B. Muir and M. Gregory, at the Service Counter, East Calgary Store.
- (3) C. C. Fenske points out the features of Revy cabinets to an interested customer.
- (4) The Slot Sorter at Radium Mill, British Columbia.
- (5) N. Dowhaniuk sets to deliver at the Revy Woodpeckers' Bonspiel, Olds, 1971.
- (6) Delivery of Revelstoke concrete to the University of Calgary, November, 1971.



5-Year Financial Review

REVELSTOKE BUILDING MATERIALS LIMITED AND SUBSIDIARIES

	1971	1970	1969	1968	1967
Sales	<u>\$31,866,424</u>	<u>\$29,338,601</u>	<u>\$33,096,372</u>	<u>\$32,465,796</u>	<u>\$30,125,081</u>
Operating Income (Loss)	\$ 1,203,425	\$ (4,916)	\$ 1,967,408	\$ 3,229,128	\$ 2,082,886
Minority Interest	3,548	7,755	75,738	111,310	30,711
Income Taxes	<u>652,494</u>	<u>122,019</u>	<u>1,114,480</u>	<u>1,733,981</u>	<u>1,116,848</u>
Net Operating Income	547,383	(134,690)	777,190	1,383,837	935,327
Gain on Disposal - Fixed Assets	216,520	208,424	76,525	75,610	20,143
Extraordinary Items	<u>—</u>	<u>1,789,217</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Income	<u>\$ 763,903</u>	<u>\$ 1,862,951</u>	<u>\$ 853,715</u>	<u>\$ 1,459,447</u>	<u>\$ 955,470</u>
Cash Flow	\$ 2,290,589	\$ 2,967,142	\$ 1,936,443	\$ 2,291,648	\$ 1,797,664
Operating Earnings per share70	(.44)	1.07	2.08	1.33
Total Earnings per share	1.06	2.89	1.20	2.20	1.36
Cash Flow per Common Share	3.82	4.95	3.23	3.82	3.00
Dividends per Common Share	.21	.40	.60	.40	.40
Shareholders Equity	14,263,382	13,770,936	12,321,098	12,007,482	11,007,527
Working Capital	7,006,323	8,238,650	7,995,409	8,962,152	7,786,040
Long Term Debt	2,274,500	2,743,500	2,925,500	2,988,500	3,242,000
Total Assets	24,518,034	22,309,068	22,246,098	19,592,064	19,052,414
Common Shares Outstanding	600,005	600,005	600,005	600,005	600,005
Number of Common Shareholders	901	964	935	1,045	1,149

Corporate Information

DIRECTORS

Gerald A. Berkhold
Vice-President of the Company
Calgary, Alberta

Peter J. M. Bloemen
President,
Trucena Investments Limited
Toronto, Ontario

Steele Curry,
President of the Company
Calgary, Alberta

Neil B. Ivory
President,
Pembroke Management Ltd.
Montreal, Quebec

J. Howard Kelly, Q.C.
Practising Lawyer
Calgary, Alberta

John E. Sands, C.A.
Chartered Accountant
Toronto, Ontario

John L. Schlosser
President, Tri-Jay Investments Ltd.
Edmonton, Alberta

Brett F. Sine
Chairman of the Company
Calgary, Alberta

Arthur J. Vincent
President,
Smith, Vincent & Co. Ltd.
Winnipeg, Manitoba

OFFICERS

Steele Curry,
President

Gerald A. Berkhold,
Vice-President-Operations

Harold E. Dunn,
Vice-President-Merchandising

John B. Hall,
Vice-President-Lumber Trading

Keith A. C. McDowell, C.A.,
Vice-President and
Secretary-Treasurer

DEPARTMENT MANAGERS AND SUPERVISORS

Arnold J. Arens, Manager,
Concrete Division

Donald A. Clark, Controller

Lionel E. Dobson, Manager
Purchasing

Emil J. Dupont,
Equipment Supervisor

Ted W. Hanson, Manager,
Revy Home Division

Brian A. Harris, Manager
General Office and Accounting

Roger A. Kramer,
Business Development,
Concrete Division

H. W. Millard, Manager, Internal
Audit and Credit

Kenneth M. Morrison, Manager
Advertising

Victor R. Roskey, Manager, Store
Operations and Development

Edward K. Schafer, Chief Engineer

DISTRICT MANAGERS

James Bartley, Northern Alberta

David A. Dupont, Manitoba

Otto A. Frey
Northern Saskatchewan

Robert J. Molle, Southern Alberta

Hugh J. O'Neil
Southern Saskatchewan

Orest Sadownick
Saskatchewan Concrete Plants

MILL MANAGERS

Donald S. Allan, Manager,
Radium, British Columbia

Abe Dyck, Manager,
Rocky Mountain House, Alberta

Frank R. Fortin, General Manager,
Radium, British Columbia

Geoff C. Peter, Manager,
Sentinel, Alberta

Arthur C. Reynolds, Manager,
Whitcourt, Alberta

James A. Wardrope, Manager,
Sundre, Alberta

AUDITORS

Price Waterhouse & Co.
Chartered Accountants

BANKERS

The Royal Bank of Canada
The Canadian Imperial Bank
of Commerce

TRANSFER AGENTS AND REGISTRARS

Common Shares
Montreal Trust Company
Calgary, Toronto,
Montreal and Vancouver

**Preferred Shares and
Trustees for Debentures**
Canada Permanent Trust
Company
Calgary, Toronto,
Montreal and Vancouver

PRINCIPLE SUBSIDIARY COMPANIES AND % OF OWNERSHIP

Revelstoke Sawmill (Radium) Ltd.	100%
Revelstoke - Lafarge Ltd.	85%
Saskatoon Sand and Gravel Ltd.	100%

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Offices of the Company, 508 - 24 Avenue S.W., Calgary, Alberta on June 22nd, 1972, at the hour of 11 o'clock in the forenoon. A formal notice of the meeting, proxy and an information circular relating to such meeting accompany this report.

Our Corporate Objectives

- To develop an organization which continually seeks to maximize the satisfaction of our customers through understanding their needs, tastes and problems.
- To add as much value as possible to the products and services that we provide our customers.
- To participate in industries and markets which should experience substantial above average growth.
- To demonstrate entrepreneurship, leadership and high standards in all areas of corporate activity.
- To strive for excellence as opposed to imitating others and accepting how things were done in the past without question.
- To maintain a close watch over ever-changing market and competitive conditions.
- To create an environment that stimulates personal development and fulfillment for the members of the Company.
- To achieve a rising level of profitability and earnings per share.
- To support community affairs wherever we are active on a basis consistent with the size of our Company.
- To have fun.

SOMETHING IS HAPPENING AT REVELSTONE... SOMETHING IS HAPPENING AT REVELSTONE...



TO THE SHAREHOLDERS:

Sales during the second quarter of this year have recovered \$200,000.00 of the loss suffered in this respect in the first 3 months of the year. It is expected that the balance of the year will produce a sufficient volume to result in increased sales over 1970.

Operating loss of 74c per share is slightly less than the 76c loss in 1970. A substantial increase in depreciation and depletion of \$114,600.00 over 1970 is partially offset by a \$73,800.00 decrease in interest costs.

Non recurring profits are down considerably because of the sale in 1970 of shares held in Kamloops Pulp & Paper resulting in a profit substantially greater than the profit realized from the sale of the old Edmonton property this year.

The new retail operation at Edmonton is making progress, and the transit mix concrete plant there will it is expected be in operation by the end of September. The expanded mill operation at Radium will commence sawing early in September, and will in a short period increase lumber production by a substantial amount.

Improved lumber market prices are a great assistance in the Company profit position. If maintained, this brighter picture, along with an improved agricultural economy, should result in a great improvement in the Company results by year end.

B. F. SINE,
President.



Revelstoke

**BUILDING MATERIALS LIMITED
AND ASSOCIATED COMPANIES**

**INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS
ENDED JUNE 30, 1971**

REVELSTOKE BUILDING MATERIALS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL

Six Months ended June 30, 1971

	1971	1970
SOURCE OF WORKING CAPITAL:		
Operations —		
Operating Loss for the period (estimated)	\$ (140,100)	\$ (80,300)
Non-Cash charges deducted in arriving at net income:		
Depreciation and depletion	612,500	497,900
Minority Interest share of net income (loss)	(1,900)	111,700
Other	3,600	900
	<u>474,100</u>	<u>530,100</u>
Disposal of Fixed Assets, after deducting gains (1971 — \$238,000; 1970 — \$78,700) included in net income.....	47,100	70,200
Sale of investments, after deducting gains (1971 — Nil; 1970 — \$337,700) included in net income.....	500	433,400
Reduction of Timber Deposits	4,400	4,600
	<u>\$ 526,100</u>	<u>\$1,038,300</u>
APPLICATION OF WORKING CAPITAL:		
Expenditures on fixed assets	1,419,000	562,100
Dividends paid on preference shares	64,800	65,900
Dividends paid on common shares	62,300	180,000
Funded Debt retired	—	16,000
Purchase of preferred shares for cancellation	1,500	12,100
Purchase of minority interest in subsidiary	—	1,324,400
	<u>1,547,600</u>	<u>2,160,500</u>
Decrease in working capital	(1,021,500)	(1,122,200)
Working Capital, beginning of year	8,238,600	7,995,400
WORKING CAPITAL, JUNE 30	<u><u>\$7,217,100</u></u>	<u><u>\$6,873,200</u></u>

REVELSTOKE BUILDING MATERIALS LIMITED AND SUBSIDIARY COMPANIES

INTERIM STATEMENT OF INCOME

(Subject to Audit and Year End Adjustment)

Six Months Ended June 30

	1971	1970
SALES	<u><u>\$11,383,000</u></u>	<u><u>\$11,715,000</u></u>
*INCOME (LOSS) (before undernoted items)		
From Operations	(19,000)	(128,600)
Non-Recurring Gains	238,000	416,400
	<u>219,000</u>	<u>287,800</u>
Depreciation and Depletion	612,500	497,900
Interest and Discount on Long Term Debt	92,900	94,600
Directors' Fees	2,800	3,200
	<u>708,200</u>	<u>595,700</u>
Net Loss	(489,200)	(307,900)
Income Tax Recovery	(347,200)	(339,300)
Net Income (Loss)	(142,000)	31,400
Minority Interest	(1,900)	111,700
Net Loss	<u><u>\$ (140,100)</u></u>	<u><u>\$ (80,300)</u></u>
EARNINGS PER SHARE		
Operating	(.74)	(.76)
Non-recurring40	.52
	<u><u>(.34)</u></u>	<u><u>(.24)</u></u>

*Based on estimated inventories.

NOTICE OF THE ANNUAL *and* AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF REVELSTOKE BUILDING MATERIALS LIMITED

TAKE NOTICE that the Annual and an Extraordinary General Meeting of the Shareholders of Revelstoke Building Materials Limited (hereinafter called "the Company") will be held at the offices of the Company, 508 -24th Avenue S.W., Calgary, Alberta, on Thursday, the 22nd day of June, 1972 at the hour of 11 o'clock in the forenoon (local time), for the following purposes, namely:

- (a) To consider and if thought advisable to enact a special resolution of the shareholders changing the Company name to Revelstoke Companies Ltd.
- (b) To receive and consider the Annual Report of the Directors, the 1971 Financial Statements and the Auditors' Report thereon.
- (c) The election of the Board of Directors.
- (d) The appointing of Auditors for the ensuing year.
- (e) To transact such other business as may be properly brought before the Meeting or any adjournment thereof.

FURTHER TAKE NOTICE that proxies to be used at this meeting must be deposited at the registered office of the Company at

P. O. Box 2501, 508-24th Avenue S.W., Calgary 3, Alberta

at least twenty-four hours before the hour of the meeting.

DATED at Calgary, Alberta, this 10th day of May, 1972.

By Order of the Board of Directors

K. A. C. McDowell, C. A., Secretary.

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with solicitation by the management of Revelstoke Building Materials Limited (the Company) of Proxies to be used at the Annual and Extraordinary General Meeting of the Shareholders of the Company to be held at the time and place and for the purposes set forth in the enclosed Notice of Meeting. It is expected that the solicitation will be primarily by mail. Cost of solicitation will be paid by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Directors and/or Officers of the Company and you are requested to strike out the names of the persons whom you do not wish to act on your behalf. **A Shareholder desiring to appoint some other person to represent him at the Meeting may do so either by inserting such person's name in the blank space provided in the Form of Proxy or by completing another Form of Proxy.** In either case, the proxy must be deposited at the registered office of the Company at P.O. Box 2501, 508 - 24th Avenue S.W., Calgary 3, Alberta, at least twenty-four hours before the hour of the Meeting.

A shareholder who has given a proxy may revoke it either by (a) signing a proxy bearing a later date and delivering it to the registered office of the Company, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Secretary or Chairman of the Meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing him. **In the absence of such direction, such shares will be voted for the approval of the Special Resolution of Shareholders changing the Company name, The Directors' Report, Financial Statements, and for the Election of Directors and the Appointment of Auditors as stated under those headings in this circular.** The enclosed form of proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the meeting.

At the time of printing of this circular, the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES

On the 30th day of April, 1972, the Company had outstanding 600,005 common shares without nominal or par value, carrying the right to one vote per share.

Venture Funding Corporation Limited which is incorporated in Ontario and whose Head Office is in Toronto is the beneficial owner of 286,046 common shares (approximately 47.7% of the Company).

The Directors have fixed May 24th, 1972 as the record date for the determination of the persons entitled to receive notice of and to attend and vote at the meeting.

CHANGE OF NAME

At the Extraordinary General Meeting of Shareholders the said Shareholders will be asked and if thought advisable to enact a Special Resolution of the Shareholders changing the name of the Company to Revelstoke Companies Ltd.

Management believes that the proposed new name will allow for a broader and more simplified application and at the same time retain the Company's valued identity.

The Board of Directors considered and endorsed the proposed change in name at a meeting held on April 6th, 1972 and recommended that the matter be referred by way of a Special Resolution for the Shareholders' consideration.

ELECTION OF DIRECTORS

At the meeting 9 Directors are to be elected. **The persons named in the enclosed Form of Proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the date indicated, with the exception of Mr. D. E. Mitchell, who is being nominated for the first time. The management does not contemplate that any of the Nominees will be unable to serve as a Director. But if that should occur for any reason prior to the Meeting the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee in their discretion.** Each Director elected will hold office until the next annual meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the articles.

The following table and the notes thereto state the names of all persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became Directors of the Company, and the approximate number of common shares of the Company, beneficially owned directly or indirectly by each of them as of April 30, 1972.

Name	Became Director	Common Shares
GERALD A. BERKHOLD, Calgary, Alberta, Vice-President of the Company and Secretary of Venture Funding Corporation Limited from December, 1971. Formerly a consultant with Triarch Corporation Limited from 1970, prior to that was Assistant Manager Canadian Imperial Bank of Commerce, Toronto.	1971	100
PETER J. M. BLOEMEN, Mississauga, Ontario, President and Director of Trucena Investments Limited since the incorporation of that company on September 17th, 1969, prior to which he was Manager of an overseas branch of the Algemene Bank Nederland N.V., Amsterdam.	1971	—
D. STEELE CURRY, Calgary, Alberta. President of the Company from December 1971. Formerly Vice-President of Triarch Corporation Limited from 1968, prior to which he was Assistant to the Managing Director of Eaton Centre Limited and self-employed as a consultant.	1971	1300
NEIL B. IVORY, Montreal, Quebec, has been President of Pembroke Management Ltd. since the incorporation of that company on November 1st, 1968 and is Vice-President of Great Britain & Canada Investments Ltd.	1968	10
D. E. MITCHELL, Calgary, Alberta. President and Chief Executive Officer, Great Plains Development Company of Canada Ltd.		—
JOHN E. SANDS, C.A., of North York, Ontario. Vice-President of Trucena Investments Limited and an officer of that company since July 1, 1970, and prior to that, Secretary-Treasurer of Sklar Manufacturing Limited (previously Stancor Limited).	1971	—
JOHN L. SCHLOSSER, Edmonton, Alberta. President of Tri-Jay Investments Ltd. and Director of Northland Utilities Limited and Northwestern Utilities Limited.	1972	100
BRETT F. SINE, of Calgary, Alberta, has been Chairman of the Board of the Company since December 30th, 1971, and was formerly President and General Manager of the Company.	1961	1
ARTHUR J. VINCENT, Winnipeg, Manitoba. President of Smith, Vincent & Co. Ltd. and Director of Sovereign Life Assurance Co.	1971	100

NOTES

- (a) The information as to the shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective Directors individually.
- (b) Unless otherwise stated above, each of the above named persons has held the principal occupation or employment indicated for at least five years.
- (c) D. Steele Curry is President and a Director of Venture Funding Corporation Limited and is the beneficial owner of 20% of the outstanding common shares of that Company.
- (d) Gerald A. Berkhold is Secretary and a Director of Venture Funding Corporation Limited and is the beneficial owner of 10% of the outstanding common shares of that Company.
- (e) Peter J. M. Bloemen and John E. Sands are each the registered owner of ten common shares of the Company, in order to qualify as Directors. These shares are beneficially owned by Venture Funding Corporation Limited.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company and its subsidiaries, whose financial statements are consolidated with those of the Company, to the directors and the senior officers of the Company, during the Company's last completed financial year, was the sum of \$155,900.

The estimated aggregate cost to the Company and its subsidiaries in the last completed financial year of all pension benefits proposed to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company or any of its subsidiaries to the directors and senior officers of the Company was the sum of \$7,504.

No pension benefits are proposed to be paid by the Company to any director who is not also an officer of the Company.

APPOINTMENT OF AUDITORS

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE REAPPOINTMENT OF MESSRS. PRICE WATERHOUSE & CO., CHARTERED ACCOUNTANTS, CALGARY, ALBERTA, AS AUDITORS OF THE COMPANY, TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS. Messers. Price, Waterhouse & Co., have been auditors of the Company for the last five years, having been appointed each year.

By order of the Management.
Calgary, Canada
May 10, 1972.

K. A. C. McDOWELL, C.A.
Secretary